

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller	(2) MEETING DATE 5/7/2013	(3) CONTACT/PHONE Kerry Bailey 788-2979	
(4) SUBJECT Submittal of the review of the Inmate Cash Deposit and Inmate Welfare Trust Funds for the fiscal year ended June 30, 2011.			
(5) RECOMMENDED ACTION It is recommended that the Board receive the item and file.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT { X } Consent    { } Presentation                      { } Hearing (Time Est. ____ )    { } Board Business (Time Est. ____ )			
(11) EXECUTED DOCUMENTS { } Resolutions    { } Contracts    { } Ordinances    { X } N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: { } 4/5th's Vote Required            { X } N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY { } N/A    Date: April 12, 2011	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts -			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: James P. Erb, CPA, Auditor - Controller

DATE: 5/7/2013

SUBJECT: Submittal of the review of the Inmate Cash Deposit and Inmate Welfare Trust Funds for the fiscal year ended June 30, 2011.

## **RECOMMENDATION**

It is recommended that the Board receive the item and file.

## **DISCUSSION**

The Inmate Cash Deposit Trust Fund is managed by the County Sheriff-Coroner and represents cash held on behalf of inmates while they are incarcerated at the San Luis Obispo County Jail. Once funds are deposited, inmates can use them to purchase commissary items, post bail, and to pay court ordered fines and fees. Inmates may release funds to friends and family members, and individuals may deposit funds into the inmates' accounts as well. The Sheriff-Coroner's Office managed accounts for 12,575 inmates during the year under review.

The Inmate Welfare Trust Fund is authorized by California Penal Code 4025 and is to be used primarily for the benefit, education, and welfare of the inmates confined within the jail, as well as for the salary and benefits of personnel used in programs deemed appropriate. However, funds may not be used to pay required County expenses of confining inmates in a local detention system. Revenue for the fund is earned from sales of commissary items to the inmates and proceeds from telephone charges. Commissary items sold to the inmates are provided by Keefe Commissary Network Sales (Keefe). Once weekly, inmates select the desired commissary items on a "Bubble Sheet" that is submitted to a Sheriff's representative. The representative scans the bubble sheet into the JCMS system which is accessed by Keefe. Keefe then processes the orders, charges the inmates' accounts, and delivers the orders to the representative who verifies and delivers the orders to the inmates. Proceeds from phone charges are earned from collect calls made from telephones specifically designated for inmates. Global Tel\* Link provides the phone service and returns 51% of the proceeds to the Inmate Welfare Trust Fund.

The purpose of our audit was to determine the accuracy of the Inmate Welfare Fund (IWF) Statement of Operations and to determine if transactions supporting the amounts reported in the Statement of Operations were appropriately recorded and authorized.

Another objective of our audit was to determine if the department had accountability for the funds' cash, if deposits were timely and intact, if the department was in compliance with the Auditor-Controller's Cash Handling Policy; and if internal controls were adequate.

The progress and results of our review were delayed due to the need to reassign staff to perform the State mandated agreed-upon procedures audits required by ABX1 26 which dissolved redevelopment agencies throughout the state.

## **OTHER AGENCY INVOLVEMENT/IMPACT**

Sheriff-Coroner

## **FINANCIAL CONSIDERATIONS**

As of April 22, 2013, the Inmate Cash Deposit Trust fund had a cash balance of \$28,468, and the Inmate Welfare Trust Fund had a cash balance of \$266,139.

## **RESULTS**

We determined all cash funds and cash receipts on hand, in all material respects, to be in balance at the time of our count. We found internal control weaknesses regarding the review, approval, and payment processes for the inmate exit medications and student vocational skills training, the two largest categories of expenditures in the IWF. These weaknesses are documented in the attached report to the Sheriff-Coroner along with the department's corrective actions.

Annual fiscal and compliance reviews of the Inmate Cash Deposit and Inmate Welfare Trust Funds are one of the tools used in cooperation with the Sheriff-Coroner to monitor oversight of the fiduciary funds. Annual monitoring activities help maintain reporting accountability and fiduciary responsibility and contribute to the County's vision of a well governed community.

## **ATTACHMENTS**

1. Review of the County of San Luis Obispo Inmate Cash Deposit and Inmate Welfare Trust Funds